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Message Text

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ACTION EB-08

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TO SECSTATE WASHDC 2585

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E.O. 11652: N/A
TAGS: ETRD, GATT, MTN
SUBJECT: FRENCH PRESS REACTION TO AGRICULTURAL ASPECTS OF BONN SUMMIT

1. SUMMARY. IN RECENT DAYS LE MONDE HAS CARRIED TWO ARTICLES EXPRESSING FRENCH DISSATISFACTION AT THE OUTCOME OF THE AGRICULTURAL ASPECTS OF THE SEPTEMBER 13 FRAMEWORK AGREEMENT AND THE BONN SUMMIT. A THIRD ARTICLE WAS MORE POSITIVE IN TONE. END SUMMARY.

2. LE MONDE IN A FRONT PAGE REPORT FROM BONN ON JULY 19 BY PHILIPPE LEMAITRE ENTITLED "BONN: RESULTS WHICH WILL TEST THE MTN IN GENEVA," SAID "ON ONE IMPORTANT POINT, THAT OF FOREIGN TRADE, THE FRENCH FOUND THEMSELVES ON THE UNCLASSIFIED

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DEFENSIVE IN BONN. AND THEY APPARENTLY SUCCEEDED IN AVOIDING DANGER, AT LEAST FOR THE TIME BEING. IN GENEVA THE EC COMMISSION ON BEHALF OF THE NINE, THE US AND JAPAN HAD SIGNED ON JULY 13 A SORT OF INTERIM AGREEMENT WHICH FOR A NUMBER OF REASONS DISPLEASED THE FRENCH. THEY SAY THE COMMISSION HAD GONE FAR BEYOND ITS MANDATE. THEY WERE PARTICULARY CONCERNED ABOUT A PROVISION WHICH WOULD HAVE

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HAD AS A CONSEQUENCE THE LIMITATION OF EC AGRICULTURAL EXPORTS. ONE CAN IMAGINE THE REACTIONS IN POLITICAL AND TRADE CIRCLES IN FRANCE IF SUCH AN ARRANGEMENT HAD BEEN IMPOSED ON PARIS BY A KIND OF SLIGHT OF HAND CONCOCTED, MORE OR LESS CLANDESTINELY, BY MR. STRAUSS. THIS DANGER HAS BEEN AVERTED, AT LEAST THE FRENCH THINK SO. MR. GISCARD D'ESTAING HAS UNDERLINED THAT THE DECLARATION INDICATED THE SUPPORT OF THE SEVEN, BUT THAT THE AGREEMENT LEAVES SEVERAL IMPORTANT QUESTIONS OUT. THE SUPPORT OF
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THE SEVEN THUS CONCERNS PROGRESS ALREADY ACHIEVED - AND NOT THE REPORT ITSELF - THAT IS TO SAY, ACCORDING TO MONSIEUR GISCARD D'ESTAING, ON THE QUESTIONS WHERE EACH OF THE GOVERNMENTS IS IN AGREEMENT. 'THE RESERVATIONS EXPRESSED AT THE END OF THE PARAGRAPH AT FRENCH REQUEST CONCERN WHAT HAD BEEN SUGGESTED CONCERNING AGRICULTURE WHICH COULD HAVE LED TO A LIMITATION OF EC AGRICULTURE EXPORTS,'THE PRESIDENT EMPHASIZED. 'THERE WAS NO APPROVAL OF THE GENEVA REPORT BY THE SEVEN. THIS TEXT HAS BEEN RENDERED HARMLESS (NEUTRALISE)' SAID JEAN-FARNCOIS DENIAU, WHO HAD PARTICIPATED ACTIVELY IN THOSE DISCUSSIONS. IT REMAINS TO BE SEEN OF COURSE WHETHER OTHER GATT COUNTRIES, PARTICULARLY THE UNITED STATES, WILL ACCEPT THIS INTERPRE-TATION. ONE CAN BE IN DOUBT ON THIS POINT. FOR THE FIRST TIME SINCE THE FORMATION OF THE COMMUNITY, THERE IS
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A TEXT WHERE COMMUNITY OFFICIALS HAVE ACCEPTED THE IDEA OF AN OBLIGATORY REDUCTION IN SUBSIDIES PROVIDED BY THE EC TO EXPORT ITS AGRICULTURAL SURPLUSES. IT IS HARD TO BELIEVE THAT THEY WILL EASILY ABANDON THIS VICTORY. THIS IS SOMETHING TO KEEP AN EYE ON AS THE SEVEN WORK TO END THE MTN BY DECEMBER 15."

3. FOLLOWING IS THE FULL TEXT OF A JULY 22 ARTICLE IN THE ECONOMIC SECTION ENTITLED "AFTER THE MEETING IN BONN; WILL THE GENEVA NEGOTIATIONS RESULT IN A LIMITATION ON FRENCH AGRICULTURAL EXPORTS." "HAS FRANCE SOLD OUT ITS AGRICULTURE AT THE TOKYO ROUND IN GENEVA? THE COMMUNIST GROUP IN THE NATIONAL ASSEMBLY HAS SENT A LETTER TO MR. BARRE, IN WHICH THEY PROTEST AGAINST 'THE NEW ACCOMODATIONS GIVEN THE US FOR THEIR EXPORTS TO THE EC AND AGAINST US IMPORT RESTRICTIONS, ESPECIALLY ON AGRICULTURAL PRODUCTS.' THE COMMUNIST PARTY, WHICH SPEAKS OF 'NATIONAL FAILURE' IS ASKING 'WHAT MEASURES DOES THE FRENCH GOVERNMENT PLAN TO TAKE IN ORDER NOT TO LEAVE TO OTHERS - EVEN TO THE EUROPEAN COMMISSION - TO SPEAK FOR FRANCE AT THE GENEVA NEGOTIATIONS.' IS THE CAP AGAIN THREATENED? THIS QUESTION RETURNS WITH SUCH REGULARITY THAT ONE HESITATES

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TO ASK IT. ON JULY 13 THE FRAMEWORK OF AGREEMENT WAS
MADE PUBLIC IN GENEVA. IN THIS DOCUMENT THE PARTICIPANTS
AGREE 'TO SEEK A COMMON APPROACH TO DIVIDE MARKETS IN
EQUITABLE SHARES.' THE WORDING APPEARS TO BE HARMLESS
ENOUGH, BUT IT BECOMES AMBIGUOUS WHEN IT IS LEARNED THAT
THE UNITED STATES WOULD LIKE TO RETAIN THE NOTION OF
'REGIONAL' MARKETS, WHERE EACH IMPORTANT COUNTRY OR GROUP
OR EXPORTING COUNTRIES RETAINS THEIR OWN PRIVATE PRESERVES.
THE EUROPEAN COMMUNITY HAS REFUSED THIS 'YALTA' OF WORLD
TRADE WHICH WOULD FREEZE IN PLACE THE EXPORT HOPES OF THE
NINE. THE TERM 'EQUITABLE SHARES' IS NOT PARTICULARLY
REASSURING. IN THE COURSE OF THE GENEVA TALKS, THE

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FRENCH REPRESENTATIVES HAVE TOTALLY REJECTED THE FRAMEWORK
AGREEMENT, WITH SUPPORT FROM DENMARK, IRELAND AND THE U.K.
WHO ONLY CRITICIZED CERTAIN ASPECTS. THIS DID NOT PREVENT
THE COMMISSION'S SPOKESMEN FROM PUTTING IT FORWARD - A
SECOND SOURCE OF AMBIGUITY. IT IS FEARED THAT THIS IS
ONLY ONE STEP AWAY FROM THE EC'S AGREEING NOT TO GIVE
RESTITUTION PAYMENTS ON AGRICULTURAL EXPORTS TO CERTAIN
COUNTRIES IN ORDER TO RESPECT AN 'EQUITABLE' MARKET SHARE.
THERE WAS A NEW ATTACK BY THE UNITED STATES AT THE BONN

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SUMMIT. THEY ASKED THE SEVEN TO APPROVE THE GENEVA FRAME-
WORK AGREEMENT. IN THE FINAL COMMUNIQUE FRANCE OBTAINED A
DRAFTING COMPROMISE. IT IS THUS THAT THE SEVEN 'APPRECI-
ATE AND SUPPORT THE PROGRESS AS SET FORTH IN THE FRAME-
WORK AGREEMENT ON THE MTN.' THIRD AMBIGUITY: PRESIDENT
GISCARD D'ESTAING STATED THAT THE AGRICULTURAL PORTION OF
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THE FRAMEWORK AGREEMENT, WHICH IS NOT APPROVED, COULD HAVE
LED TO A LIMITIATION OF EC AGRICULTURAL EXPORTS. FOREIGN
TRADE MINISTER DENIAU CONSIDERS THE GENEVA TEXT AS
'NEUTRALIZED' AND M. MONORY, MINISTER OF ECONOMICS, CAPS
IT BY SAYING 'NOBODY IN BONN HAS BEEN HAD ON THE
AGRICULTURAL QUESTIONS.' HAS THE DANGER THUS PASSED?

4. THE ISOLATION OF PARIS: FRANCE, THE WORLD'S FOURTH
LARGEST EXPORTER OF AGRICULTURAL PRODUCTS, WHO ASPIRES TO
BECOME SECOND, CANNOT ALLOW THAT IN THE NAME OF COMPETI-
TIVE EQUALITY, MARKETS BECOME CLOSED TO IT AND ITS EXPORTS
THREATENED. FRANCE MAINTAINS THAT THE GENEVA ACCORD WILL
BE GLOBAL OR NOTHING. THAT IS TO SAY THAT IT WILL ENCOM-
PASS THE ENTIRE RANGE OF TARIFF AND NON-TARIFF BARRIERS
TO INDUSTRIAL AS WELL AS AGRICULTURAL PRODUCTS. BUT PARIS
IS ISOLATED IN THIS MATTER. OUR EUROPEAN PARTNERS DONOT
HAVE THE SAME INTEREST IN BLOKING THE MTN BECAUSE OF THE
SINGLE AGRICULTURAL DOSSIER. BUT IN DEALING WITH THIS
PROBLEM THE EC HAS TO TAKE INTO ACCOUNT THE BALANCE OF
INTERNAL FORCES WITHIN THE NINE. THIS COULD BE DONE BY
AGREEMENT TO LIMIT EXPORT AIDS TOWARD COUNTRIES WHERE
EUROPE HAS FEW IF ANY SALES. WHAT ABOUT FRUIT AND VEGE-
TABLES. THESE CONCESSIONS HAVE NO IMMEDIATE IMPACT, BUT
WOULD LIMIT THE WINNING OF NEW MARKETS OVER A PERIOD OF
TIME, GAINS WHICH BE EVEN MORE NECESSARY FOR FRUITS AND
VEGETABLES WHEN SPAIN, PORTUGAL AND GREECE ONE DAY BECOME
PART OF THE COMMON MARKET. MOREOVER CHANGES IN THE
SUPPORT MECHANISMS FOR AGRICULTURAL PRODUCTS WHICH THE
UNITED STATES SEEKS, HAVE THE SYMPATHETIC SUPPORT OF THE
U.K.. BRITISH TREASURY SECRETARY M. JOEL BARNET, LAST
TUESDAY EXPRESSED AGAIN THE OPPOSITION OF HIS COUNTRY TO
THE GROWTH OF EC AGRICULTURAL EXPENDITURES. MR. GUNDELACH,
'MR. GREEN EUROPE' OF THE COMMISSION, HAS SAID THAT IT IS
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CORRECT THAT THE LEVELING OFF OF EXPENDITURES HAS NOT BEEN
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SUFFICIENTLY STUDIED. THE CONVERGING PRESSURES FROM WASH-
INGTON AND LONDON CREATE A REAL DANGER TO THE CAP. WITH
THE EXCEPTION OF MODEF (MOVEMENT IN DEFENSE OF FAMILY
FARMERS) FRENCH AGRICULTURAL GROUPS ARE PLEASED WITH THE
BONN AGREEMENT SINCE IT SEEKS TO STIMULATE THE WORLD
ECONOMY. THEY HAVE ALSO NOTED, HOWEVER, THAT AT THE
BREMEN SUMMIT THE EUROPEAN COMMISSION HAD BEEN CHARGED,
DUE TO THE PRESSURE FROM MR. CALLAGHAN, TO THINK ABOUT A
REFORM OF THE CAP, AND THEY FEAR THAT THIS REVIEW COULD
MEAN A REDUCTION OF GUARANTEES TO EUROPEAN PRODUCERS.
BUT ISN'T THERE A CONNECTION BETWEEN THE ECONOMIC RECOVERY
THAT THEY WANT AND THE REDUCTION THAT THEY FEAR?"

5. EXCERPTS FROM A MORE POSITIVE APPRAISAL IN JULY 25
ECONOMIC SECTION TITLED "EACH FOR HIMSELF: THE COMMUNITY
FOR ALL," FOLLOW"THE DISCUSSIONS ON INTERNATIONAL TRADE
WHICH HAVE BEEN TAKING PLACE FOR SEVERAL MONTHS IN GENEVA
ARE DIFFICULT NEGOTIAIONS. AT A TIME WHEN EVERYONE TRIES
TO LIMIT THE DAMAGE CAUSED BY GROWING INTERNATIONAL TEN-
SIONS, IT IS GOOD TO RESIST PROTECTIONIST PRESSURES IN
THE INDUSTRIALIZED COUNTRIES. GOVERNMENTS ARE IN EFFECT
CONSCIOUS OF THE NEED TO MAINTAIN AN ATMOSPHERE OF PEACE,
RELATIVE STABILITY AND OPENNESS TOWARDS OTHERS. IN THIS
IMPORTANT BUSINESS FRANCE FINDS ITSELF IN AN AMBIGUOUS
POSITION. THE PRESIDENT OF THE REPUBLIC GIVES CONSIDERABLE
ATTENTION TO TRADE BECAUSE HE SEES THERE ONE OF THE SOURCES
OF CURRENT TENSION. AT THE SAME TIME HE IS, LIKE THE
PRIME MINISTER, IN FAVOR OF 'ORGANIZED FREE TRADE.' HE
PLAYS THE GAME OF TRILATERAL COOPERATION BETWEEN EUROPE,
THE UNITED STATES AND JAPAN BUT IN MATTERS OF INTERNATION-
AL TRADE WITHIN THE COMMUNITY FRANCE PLAYS THE ROLE OF
BLACK SHEEP.... THE DOCUMENT SIGNED IN GENEVA ON THE EVE
OF THE BONN MEETING APPEARS IN RETROSPECT TO BE A SORT OF
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MIRACLE. EVERYONE AGREED, ONCE THE RESULTS OF THE NEGO-
TIATION WERE IN HAND, THAT IT WAS ONLY A TEMPORARY THING.
THAT WAS A WAY OF AVOIDING LDC SENTIMENT THAT THEY WERE
CONFRONTING A FAIT ACCOMPLI; A WAY OF ALLOWING EC
MEMBERS A CHANCE TO CONTINUE DISCUSSION OF THE APPLICATION

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OF OF THE MEASURES WHERE AGREEMENT IN PRINCIPLE
OCCURRED.... FRANCE OBTAINED AN IMPORTANT SATISFACTION;
SHE SUCCEEDED IN HAVING THE COMMUNITY INSIST ON THE NOTION
OF SELECTIVE SAFEGUARDS.... THUS FRANCE HAS NO RIGHT TO
COMPLAIN TODAY WITH REGARD TO THAT AS WELL AS OTHER MAT-
TERS.... WHILE IN GENEVA MR. HAFERKAMP RESPONDED TO THE
QUESTION WHETHER CERTAIN OF THE POSITIONS AGREED BY HIM
WOULD BE REJECTED BY CERTAIN MEMBER COUNTRIES ('WE
ACCEPTED THEM ON BEHALF OF EVERYONE'), AT BONN, TWO DAYS
LATER, MONSIEUR GISCARD D'ESTAING LET IT BE KNOWN THAT
THE DOCUMENT SIGNED IN GENEVA 'WAS NOT IN ACCORD BUT A

REPORT'. HE DID NOT PREVENT THE REPORT FROM BEING ACCEPTED
BY THE MEMBERS OF THE SUMMIT EXCEPT FOR THE FRENCH RESERVES
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ON THE AGRICULTURAL QUESTION. ONE CAN THEN CONCLUDE THAT
IT IS A QUESTION OF AN 'ACCORD'. THIS IS DOUBTLESSLY GOOD
NEWS FOR THE HEALTH OF INTERNATIONAL TRADE.

6. DRAFTED BY MEYERS. MCDONALD

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